

1997-98 SESSION  
COMMITTEE HEARING  
RECORDS

Committee Name:

Joint Committee on  
Finance  
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR\_RCP\_pt01a
- 97hrAC-EdR\_RCP\_pt01b
- 97hrAC-EdR\_RCP\_pt02

- Appointments ... Appt
- 
- Clearinghouse Rules ... CRule
- 
- Committee Hearings ... CH
- 
- Committee Reports ... CR
- 
- Executive Sessions ... ES
- 
- Hearing Records ... HR
- 
- Miscellaneous ... Misc
- 97hr\_JC-Fi\_Misc\_pt05d\_DPR
- 
- Record of Comm. Proceedings ... RCP
-

Joint Finance

16.515/16.505

14 Day Passive  
Reviews

5/14/97 -

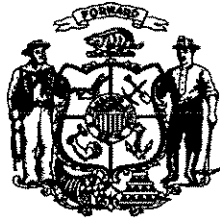
6/30/97

SHS /DOC

7/9/97

# THE STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE



ASSEMBLY CHAIR  
SCOTT JENSEN

Room LL 1 MLK  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-8535

315-N Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: (608) 264-6970

## JOINT COMMITTEE ON FINANCE

July 11, 1997

Secretary Mark Bugher  
Department of Administration  
101 East Wilson Street, 10<sup>th</sup> Floor  
Madison, Wisconsin 53705

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated June 20, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the State Historical Society and the Department of Commerce.

No objections have been raised concerning this request. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE  
Senate Chair

Handwritten signature of Scott Jensen in black ink.

SCOTT JENSEN  
Assembly Chair

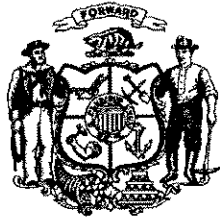
BB/SJ/jc

cc: Director George Vogt, State Historical Society  
Secretary William McCoshen, Department of Commerce  
Jay Huemmer, Department of Administration  
Bob Lang, Legislative Fiscal Bureau

# THE STATE OF WISCONSIN

SENATE CHAIR  
**BRIAN BURKE**

Room LL 1 MLK  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-8535



ASSEMBLY CHAIR  
**SCOTT JENSEN**

315-N Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: (608) 264-6970

## JOINT COMMITTEE ON FINANCE

To: Members  
Joint Committee on Finance

From: Senator Brian Burke  
Representative Scott Jensen  
Co-Chairs, Joint Committee on Finance

Date: June 23, 1997

Re: s. 16.515/16.505(2), Stats., Request

Attached is a copy of a request from the Department of Administration, dated June 20, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the State Historical Society and the Department of Commerce.

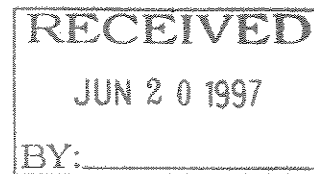
Please review these items and notify **Senator Burke's or Representative Jensen's** office no later than **Wednesday, July 9, 1997**, if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

BB/SJ/jc

**CORRESPONDENCE MEMORANDUM**STATE OF WISCONSIN  
Department of Administration

Date: June 20, 1997

To: The Honorable Brian Burke, Co-Chair  
Joint Committee on FinanceThe Honorable Scott Jensen, Co-Chair  
Joint Committee on FinanceFrom: Mark D. Bugher, Secretary  
Department of Administration

A handwritten signature in dark ink, appearing to be "MB", written over the printed name of Mark D. Bugher.

Subject: S. 16.515/16.505(2) Requests

Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1995-96</u>		<u>1996-97</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
SHS 20.245(2)(g)	Historic Sites Fees			\$240,900	

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1997-98</u>		<u>1998-99</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
COMMERCE 20.143(3)(j)	Elevator Inspections	\$98,100	2.0	\$117,500	2.0

As provided in s. 16.515, this request will be approved on July 14, 1997, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Jay Huemmer at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

**CORRESPONDENCE MEMORANDUM**  
**Department of Administration**

**STATE OF WISCONSIN**

**Date:** June 17, 1997

**To:** Mark D. Bugher, Secretary  
Department of Administration

**From:** Peter Maternowski  
Executive Policy and Budget Analyst

**Subject:** Request Under s. 16.515 From State Historical Society For Increased Expenditure Authority in its Program Revenue Appropriation Under s. 20.245 (2)(g)

**REQUEST:**

The State Historical Society (SHS) requests increased expenditure authority of \$240,900 in FY97 in the agency PRO appropriation under s. 20.245 (2)(g).

**REVENUE SOURCES FOR APPROPRIATION(S):**

Funds to support this increased expenditure authority come from admissions, sales and other receipts generated at the historic sites operated by the Division of Historic Sites. The division operates six sites at which fees are collected - Madeline Island, Pendarvis, Stonefield Village, Villa Louis, Old Wade House and Old World Wisconsin. The Society indicates that there will be sufficient revenues in the appropriation to support the request. Through the beginning of June, the sites have collected \$1,438,700 in revenue. Based on a comparison of current year activity with prior year receipts, revenues in excess of \$1.7 million are projected in this appropriation during FY97. In addition, the appropriation had an opening balance of nearly \$225,000; these funds could be used to support current year activities. The increased revenues anticipated by the division are, in part, a result of fee increases at the sites that were approved by the Society's Board of Curators on October 25, 1996 and went into effect this May.

**BACKGROUND:**

The increased expenditure authority will allow the SHS to maintain current operations at the historic sites and to provide for essential maintenance activities. The SHS cites three factors that have contributed to increased expenses at the historic sites. First, the costs of goods sold at the museum stores and in the Clausen Restaurant, which is located at Old World Wisconsin, have increased more than anticipated. Second, increases in the federal minimum wage and tight local labor markets have led to substantial increases in labor costs at the sites. The division hires limited term employees to serve as interpretive guides at the sites. Finally, the division is incurring one-time costs associated with the restoration of Villa Louis.

**ANALYSIS:**

The increase in expenditure authority requested by the SHS is substantial, representing a 17% increase over the appropriation's current expenditure authority of \$1,488,900 PR. While this increase is large, the total expenditure authority requested, \$1,729,800 PR, is consistent with

Mark D. Bugher, Secretary

6/17/97

Page 2

the level of expenditures the SHS predicted in documents the agency submitted in conjunction with its 1997-99 biennial budget request. Furthermore, in its action on the biennial budget, the JCF has approved increasing the division's expenditure authority to \$2,006,800 PR in FY98 and \$2,189 800 PR in FY99.

The Society's request for increased spending authority is based on a comparison of current and prior year expenditures in the Division of Historic Sites. The increase would be budgeted in the LTE salaries and supplies and services lines.

While the Society could have submitted this request earlier in the fiscal year, Society officials have pointed out that the PR appropriation under s. 20.245 (2)(g) was a continuing appropriation prior to the current biennium. This is the first instance in which the society has been required to request an expenditure increase under s. 16.515 for this appropriation.

**RECOMMENDATION:**

Approve the request.





# State Historical Society of Wisconsin

816 State Street ♦ Madison, Wisconsin 53706-1488 ♦ 608/264-6400 ♦ Fax: 264-6404

June 4, 1997

To: Senator Brian Burke, Co-Chair  
Representative Scott Jensen, Co-Chair  
Joint Committee on Finance

Subject: Historic Sites Expenditure Increase

From: George L. Vogt, Director

The State Historical Society requests an increase in the expenditure authority under the s.16.515 of \$240,900 PRO for appropriation 20.245 (2) (g) to meet the anticipated program expenditures in FY96-97 for the Division of Historic Sites. There are sufficient program revenues to support this request.

The need for this request was accurately described by the Legislative Fiscal Bureau at the end of April, just prior to the Joint Committee on Finance deliberations and executive action on the 1997-99 biennial budget for the Society. The request relies upon the same methodology used when we submitted information to our Legislative Fiscal Bureau analyst in April.

The expenditure increase is related to several factors. We have experienced an increase in the costs of goods sold in our museum stores and the Clausen Restaurant at Old World Wisconsin. The Historic Sites program relies on more than 400 limited term employees in order to provide a meaningful visitor experience. The increases in the federal minimum wage hike coupled with tight local (i.e. rural) labor markets have dramatically increased the labor costs for our seasonal employees at our sites. We are also incurring increased one time costs related to the moving and storage of collections to accommodate the interior restoration at Villa Louis.

*Date:* June 13, 1997

*To:* Mark D. Bugher  
Secretary

*From:* Jacqueline Jugenheimer  
Budget and Policy Analyst

*Subject:* Section 16.505/16.515 Request from the Department of Commerce for Funding and Positions in the Elevator Inspection Program.

**Request**

The Department of Commerce (Commerce) requests the creation of 2.0 FTE PR-O elevator inspector positions. The ongoing cost of these positions is estimated to be \$117,500 PR-O; the anticipated cost in FY98 is \$98,100 PR-O. The requested expenditure authority includes \$10,000 PR-O for one-time costs associated with purchasing inspection equipment. Approval of the request is recommended.

**Revenue Sources for Appropriation(s):**

The revenue deposited in the PR-O appropriation under s.20.143.(3)(j) - Safety and Buildings Operations is collected through various fees charged by the Division of Safety and Buildings, for the following elevator inspection activities: plan review, annual inspections, and issuance of certificates of operation. The department promulgated an emergency rule effective June 1, 1997, to increase several elevator inspection fees by an average of 48% to adequately address inspection costs.

**Background**

Under ss. 101.12, 101.13, and 101.17, Wis. Stats., and Commerce 18, Wis. Admin. Code, the Division of Safety and Buildings is responsible for the plan review and inspection of elevators. The department collects plan review fees, annual inspection fees, and fees for the issuance of certificates of operation for elevators. In addition, the department issues credentials to a small number of inspectors. Under the building code, elevators need to be inspected every year. While the department is only responsible for elevators that are not inspected by private firms, the absence of sufficient numbers of elevators for a viable private market forces the department to inspect elevators statewide except for those in the City of Milwaukee.

The department currently employs 9.0 FTE inspectors, 1.0 FTE plan reviewer and consultant, and approximately 1.5 FTE program support staff in its elevator program. In FY96 the staff inspected 6,600 of the 13,500 elevators statewide, resulting in a backlog of 6,900 elevators. A backlog in elevator inspections has developed over the last few years due to the following:

- Increased inspection and plan review requirements under the Americans with Disability Act.

- An average of 600 new elevators annually.
- Prior backlogs since the early 1990s.
- Limited staff increases since the early 1990s.
- Vacancies and staff leaves of absence.

The backlog has also negatively affected program revenues since fees are generated only if the inspections are conducted and the certificate of operation is issued. Effective June 1, the department promulgated an emergency rule to increase inspection and plan review fees, since the previous fee structure did not reflect costs adequately.

### Analysis

Based on information from the department, 15.6 FTE inspector positions would be needed in FY97 and 16.3 FTE inspector positions would be needed in FY98 to inspect all elevators statewide. In order to keep current with the anticipated annual increase of 600 elevators, the department would need to increase its inspection staff by 0.67 FTE positions every year thereafter. The department has tried to address workload needs by increasing efficiencies and reallocating resources. As the reorganization of the division has progressed, it has become apparent that only additional state inspectors and private contractors can eliminate the existing inspection backlog.

In response to the backlog and the need to limit growth in state staff, the department is exploring options to contract for inspections on a regional basis. Commerce would prefer to contract for both the annual inspections and collection of associated revenues. The department would conduct plan reviews, issue certificates of operation, certify inspectors, and monitor the performance of the successful bidder(s) both with respect to inspection and financial activities. The department has conducted some preliminary negotiations with potential contractors and is developing a request for proposal process for selecting private inspection services. In order to expand contracting opportunities, the department's emergency rule stipulates that certification in accordance with national standards is acceptable in lieu of Wisconsin's certification. Based on the department's timetable, final negotiations with a potential contractor could take place in October 1997.

Contracting for inspection activities is not unprecedented in the Division of Safety and Buildings. The department is already using contractors in other areas of its operation, such as the weatherization program and building, boiler, electrical, and plumbing inspections. Private contractors conduct the inspections, collect the fees, and are certified by the department.

Using contractors for a portion of these inspection functions would provide the department with more flexibility in responding to increases in workload, but the proposed scale of privatization would ensure that no state employees would be displaced. To the contrary, even if the department contracted out inspections, its workload would continue because:

- the department would continue to conduct all plan reviews and initial inspections of elevators (at least 600 per year); and
- the department would monitor the work of the contractor(s).

If the state employed 11.0 FTE inspector positions, the 2.0 FTE positions in the request plus the existing 9.0 FTE positions, it could inspect up to 9,900, or 67%, of the anticipated number of elevators in FY98. This level of inspection capacity would meet minimum inspection needs. It is the department's expectation that the remaining 33% of inspections would be met by private contractors. If not all of the remaining inspections are picked up by private inspectors, the department would have to reevaluate its staff needs and request additional staff and expenditure authority.

Independent of the outcome of the bidding process, the number of inspections will continue to increase. As the department evaluates its contracting experience with private companies, the department will need to decide whether to maintain this base level capacity or to contract out a greater portion of the work.

Under the assumption that there will be 14,700 elevators inspected in FY98, the estimated program revenue is \$968,600. If Commerce meets the goal of using private contractors for 33% of the workload, it would collect approximately \$653,400, which would be sufficient to cover the expenses of the department's inspection operations. Included in this calculation are the following costs associated with the additional 2.0 FTE positions, assuming a start date of October 1, 1997:

	<u>FY98</u>	<u>FY99</u> <u>Ongoing</u>
Salary	\$42,300	\$ 56,400
Fringe	\$15,800	\$ 21,000
One-Time	\$10,000	\$ 0
Supplies & Services	<u>\$30,000</u>	<u>\$ 40,000</u>
Total	\$98,100	\$117,400

The requested budget for supplies and services reflects the need to support central administrative costs (\$7,700/FTE position annually) and significant travel costs associated with regional service areas. One-time costs for tools and equipment are estimated at \$5,000 per employee.

#### Recommendation

Approve the request.



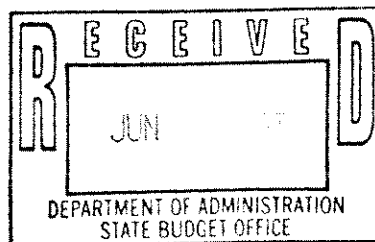
R \_ M \_

123 West Washington Avenue  
P. O. Box 7970  
Madison, Wisconsin 53707  
(608) 266-1018

Tommy G. Thompson, Governor  
William J. McCoshen, Secretary

June 10, 1997

Mr. Richard G. Chandler  
State Budget Director  
10th Floor, Administration Building  
Madison, Wisconsin 53702



Dear Mr. Chandler:

The Department of Commerce requests approval by the Department of Administration and the Joint Committee on Finance under ss. 16.505 and 16.515 for an annual increase of \$88,100 in FY98 (\$117,500 annually) and 2.0 new positions. One-time funding of \$10,000 for IT equipment for new staff in FY98 is also requested.

This funding and the additional positions will be used to respond to a critical public safety issue by increasing the number of annual elevator inspections performed statewide. Currently, the Safety and Buildings Division has a backlog of 7,100 elevator inspections. A departmental initiative to contract with the private sector for additional elevator inspections is intended to complement this request.

This revised request replaces the one submitted on April 29, 1997. The revision has been made as a result of the decision to pursue private contracting and upon the advice of analysts from your budget office.

More information related to this request is enclosed. Should you or your staff have questions about this request, please contact Jane Drake at 266-0271.

Sincerely,

William J. McCoshen  
Secretary, Department of Commerce

Enclosure

cc: Jacky Jugenheimer

**DEPARTMENT OF COMMERCE  
Safety and Buildings Division**

**Supplemental Funding & Position Request  
under s. 16.505/16.515**

**June 1997**

**REQUEST:**

The Department of Commerce requests an increase of 2.0 FTE permanent elevator inspection positions (October through June) and \$88,100 in FY98 (\$117,500 annually) from appropriation s. 20.143 (3)(j) - Safety and Buildings Operations for the elevator inspection program in its Safety and Buildings Division (S&B). This funding will be used in response to a critical public safety issue by increasing the number of annual elevator inspections performed statewide. The additional funding and positions are needed to partially address the current inspection backlog of 7,100 existing elevators and to meet the demand for inspection of approximately 600 new elevators placed into service each year. A related departmental initiative to contract for inspection services is intended to complement this request. The Department also requests \$10,000 in one-time funding in FY98 for IT equipment for these new elevator inspectors.

**PROPOSAL:**

Under s. Comm. 18.12 (1), Wis. Adm. Code, elevators and lifts cannot be operated until the units have had an annual inspection and owners have been issued certificates of operation. A separate fee is charged for inspection and the certificate of operation.

The Division of Safety and Buildings has a backlog of 7,100 elevator inspections. New elevators continue to be installed at the rate of about 600 per year. Inspecting a new elevator takes from two to three times longer than an annual inspection. Assuming that 1.0 FTE inspector can manage about 900 elevators, the additional 600 units translate into a .67 FTE workload increase annually. Due to the increased complexity of elevator installations, the existing elevator inspection staff have been spending much of their time inspecting new elevators, while not conducting annual inspections, thus increasing the magnitude of the backlog.

Three alternatives for addressing this backlog/workload problem have been identified:

- The first alternative is to hire 7.0 FTE additional permanent elevator inspectors, bringing the total number of state-employed elevator inspectors to 16.0 FTEs.

- The second alternative is to contract with private sector inspection firms for elevator inspection services. Although the Department believes there are private inspection firms which would be interested in providing such services, the degree of this interest is unknown at this time. Cities of the second class are being surveyed for their interest in agent status for elevator inspection and plan review. Acceptable cities would be given agent status for providing services in their jurisdiction.
- The third alternative, the one selected, is a combination of the first two. Hiring 2.0 additional inspectors will increase S&B's capacity for inspection, and contracting for inspection services will maximize the effort to bring the elevator program up-to-date in inspections.

In addition to this request, the Department is currently pursuing the development of a Request for Proposal (RFP) to contract with the private sector for elevator inspection services. The RFP will require that interested parties bid to conduct inspections, collect fees established by rule, and provide Commerce with complete inspection reports and the portion of the fees for the certificate of operation. Upon receipt of these inspection reports and associated fees, Commerce will issue annual certificates of operation directly to the elevator owners.

The RFP will include provisions/requirements for inspector qualifications, proof of adequate insurance coverage, criteria for performance evaluation and availability of vendor financial records for audit purposes. It is hoped that this process can be completed and final contracts negotiated by October 1st of this year.

The Department of Commerce will be responsible for oversight and monitoring of the performance of the successful bidder(s). Performance includes observation of actual inspection activities and audit of financial records and performance data as well as customer satisfaction.

The Department will comply with all provisions of Section 15 (p. 118) of the Agreement between the State of Wisconsin and AFSCME Council 24/WSEU/AFL-CIO and its appropriate affiliated locals. Section 15 deals with contracting out and details the employer's responsibilities when the decision has been made to contract or subcontract work normally performed by members of the bargaining unit.

Commerce has a number of programs with mandated inspection requirements for which government or private agents conduct all or a portion of the inspections. (Commerce is required only to conduct all inspections not done by someone else.) These agents are allowed to set their own fees. In the rental unit weatherization program, there are statutory caps for fees based on the number of units inspected. There are no such requirements for building, boiler, electrical, private sewage, plumbing inspection. In the elevator inspection program, the department will be requiring private inspectors to collect fees based on those authorized in Comm 2.15, Wis. Adm. Code.

There are now 10.0 FTEs which provide direct service in the elevator program- 9.0 FTEs in inspection and 1.0 FTE in plan and petition review, consultation and program management. In FY96 a total of 6,600 elevators were inspected by existing staff. This number was lower than expected due to an extended illness, a resignation and unfilled vacancies. All elevator inspection positions are currently filled.

Additional program disruptions were temporarily experienced due to the reassignment of the former supervisor and a reorganization of the division from one that was organized by program to one that is organized by function. Implementation of the new organization meant that all inspectors had to be assigned to new supervisors based on location rather than program specialty. The new organization is in place and through May of FY97 existing staff have shown increased productivity. While this is encouraging, it doesn't totally address the problem. At maximum efficiency, the existing 9 inspectors can only be expected to handle 8,100 inspections of existing elevators and 600 new elevators each year.

There will be 14,100 existing plus 600 new elevators for inspection in FY98. At the above mentioned maximum efficiency, 6,000 elevators will not be inspected. If the 2.0 positions are approved and the new inspectors could be on-board and fully productive by October 1, 1997, this number could potentially be reduced to 4,650. This would be more than a full workload for 5.0 additional permanent inspectors. There will be 14,700 existing plus 600 new elevators for inspection in FY99. With 11 inspectors for a full year, there will still be 4,800 uninspected elevators, also more than a full workload for 5.0 additional inspectors.

Contractors, either private or municipal, will be assigned a territory in which to inspect elevators. These contracts will cover the 4,650 to 4,800 elevators which Commerce staff cannot inspect. The mix of S&B inspection/contractor inspection can be varied based on experience. If S&B inspectors cannot meet the 900 units per year, or if new positions cannot be filled as rapidly as desired, the number of units for which contracts are negotiated may increase. If, on the other hand, S&B identifies and adopts new or faster ways of doing business, the number of units for which contracts are negotiated may decrease.

If the department is not able to negotiate contracts for all needed inspection services, it will be necessary to submit an additional request for more inspection positions.

#### **REVENUE SOURCE:**

Program revenue will be used to fund all S&B activities in the elevator program. Revenue will be generated from fees for the three major program activities: (1) plan review of proposed elevators, (2) annual inspection of elevators, and (3) issuance of certificates of operation. Elevator fees are promulgated in s. Comm 2.15, Wis. Adm. Code.



Commerce recently issued an Emergency Rule to adjust these three fees, and the adjustments went into effect on June 1, 1997. Fees have been adjusted to cover the expenditures related to the activities for which they are established and collected. Plan review fees, which include the cost of initial installation inspections, have been lowered. Inspection fees have been increased, while certificate of operation fees have been lowered. Certificate of operation fees are also intended to cover the costs of general program overhead and support activities. It is projected that these fee adjustments will provide sufficient revenue to meet cost increases due to inflation, and thus, carry the program through the year 2000.

(Fees are also generated by the issuance of a relatively small number of inspector credentials. These fees are authorized by s. Comm 5.64, Wis. Adm. Code, but these fees have not been adjusted.)

The elevator inspection revenue for FY96 was \$352,500 for 9.0 inspector positions. With the proposed fee changes, the projected revenue for 9.0 inspectors is \$502,200; for 11.0 inspector positions it is \$613,800. This is an annual increase ranging from \$149,700 to \$261,300. This increase will correct the deficiency in the old fee, which did not cover the true costs of inspections, plus it will cover the costs of the new positions. Under either scenario, an additional \$84,600 will be available from the portion of plan review fees earmarked for initial installation inspection.

### **ALTERNATIVES:**

The backlog could be addressed by: (1) reducing the inspection frequency, (2) increasing inspector efficiency, (3) hiring/using additional inspectors and/or (4) requesting additional funding for overtime for existing staff.

1. Reducing the inspection frequency would make Wisconsin's standards for elevator inspection well below the national standard. The national standard for elevator inspection frequency is six months, which is twice Wisconsin's requirement of annual inspections.
2. Increasing inspector efficiency has already been built into this request. The national average inspector workload is about 750 elevators per inspector. Based on 1991 and 1992 performance, the Division believes an inspector can manage 900 complete annual inspections and a portion of complete initial installation inspections.
3. Hiring new inspectors and using contracted inspection services will allow the Division to respond to the demand placed on it by the number of elevators and lifts currently in operation and the increase of 600 new units being installed annually.

4. Requesting overtime for existing staff is not practical due to the lack of available staff to perform the overtime (the demand for additional inspections equates to almost double time for each current inspector), the unavailability of elevator installers and facility owners beyond the "normal" workday.

Because of collective bargaining agreements, overtime for inspectors must be paid at time-and-one-half. This alternative increases the projected cost of the program and would require greater fee increases.

#### **CONCLUSION:**

The backlog cannot be eliminated and all elevators brought current with the existing staffing level. In fact, the additional positions and contracting for services will not make the program current immediately. First, hiring and training new staff take time. In addition, the number of elevators to be inspected continues to grow. This request is a crucial step in bringing elevator inspection up-to-date.

Department of Commerce

Emergency Rule for Inspection of Elevators and Mechanical Lifting Devices

Finding of Emergency

The Department of Commerce finds that an emergency exists and that a rule is necessary for the immediate preservation of the public peace, health, safety and welfare. A statement of the facts constituting the emergency is:

The Department inspects elevators and mechanical lifting devices to ensure these units are installed and operating in accordance with the elevator safety rules. The Department is required to inspect both new and existing elevator installations. Due to the increased number of elevators and mechanical lifting devices installed in new construction, the Department has not been able to keep up with all of its required inspections. To ensure that the citizens of Wisconsin are safe when using elevators and other mechanical lifting devices, the Department must increase the number of people performing these safety inspections.

The Department rules relating to fees, certification, and inspection procedures are being modified to permit additional individuals to perform inspections of elevators and other mechanical lifting devices. The Department proposes to fund additional inspections by amending its fees to match Department expenses. Plan review and certificate of operation fees would be lowered.

Inspection fees would be raised.

To protect the public safety, these rules are adopted as emergency rules to take effect on June 1, 1997.

Dated at Madison, Wisconsin  
this 29th day of April, A. D. 1997  
Department of Commerce  
Thomas H. Taylor, Deputy Secretary  
William J. McCosken, Secretary

Talk to  
Gunn  
Kerch  
Bondhus

**FISCAL ESTIMATE WORKSHEET**  
 Detailed Estimate of Annual Fiscal Effect  
 DOA-2047(R02/97)

☒ ORIGINAL  
☐ CORRECTED

☐ UPDATED  
☐ SUPPLEMENTAL

 LRB or Bill No./Adm. Rule No.  
 chs. Comm 2, 5 and 18

Amendment No.

## Subject

Inspection of elevators and mechanical lifting devices

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

Purchasing IT equipment for each position at \$5,000 each = \$35,000

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
<b>A. State Costs By Category</b>		\$ 381,100	\$ -
State Operations - Salaries and Fringes			
(FTE Position Changes)		( 8 FTE)	( - FTE)
State Operations - Other Costs		157,000	-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>TOTAL State Costs By Category</b>		\$ 538,100	\$ -
<b>B. State Costs By Source of Funds</b>			
GPR		\$ Increased Costs	\$ Decreased Costs
FED			-
PRO/PRS		\$538,100	-
SEG/SEG-S			-
<b>III. State Revenues- Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev.	Decreased Rev.
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS		\$520,200	-
SEG/SEG-S			-
<b>TOTAL State Revenues</b>		\$ 520,200	\$ -

## NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS \$ 538,100

\$

NET CHANGE IN REVENUES \$ 520,200

\$

Agency/Prepared by: (Name &amp; Phone No.)

DOC/Diane Meredith/266-8982

Authorized Signature/Telephone No.

 Thomas H. Taylor Deputy Secretary  
 266-3203

Date

April 29, 1997

FISCAL ESTIMATE  
DOA-2048 (R02/97)☒ ORIGINAL  
☐ CORRECTED☐ UPDATED  
☐ SUPPLEMENTALLRB or Bill No./Adm. Rule No.  
chs. Comm 2, 5 and 18  
Amendment No. if Applicable

## Subject

Inspection of elevators and mechanical lifting devices

## Fiscal Effect

State: ☐ No State Fiscal EffectCheck columns below only if bill makes a direct appropriation  
or affects a sum sufficient appropriation☐ Increase Existing Appropriation☒ Increase Existing Revenues☐ Decrease Existing Appropriation☐ Decrease Existing Revenues☐ Create New Appropriation☐ Increase Costs - May be Possible to Absorb  
Within Agency's Budget☐ Yes ☒ No☐ Decrease CostsLocal: ☐ No local government costs1 ☒ Increase Costs☐ Permissive ☒ Mandatory2 ☐ Decrease Costs☐ Permissive ☐ Mandatory3 ☐ Increase Revenues☐ Permissive ☐ Mandatory4 ☐ Decrease Revenues☐ Permissive ☐ Mandatory

5. Types of Local Governmental Units Affected:

☒ Towns ☒ Villages ☒ Cities☒ Counties ☒ Others☒ School Districts ☒ WTCS Districts

## Fund Sources Affected

☐ GPR ☐ FED ☒ PRO ☐ PRS ☐ SEG ☐ SEG-S

Affected Ch. 20 Appropriations

s. 20.143 (3) (j), Stats.

## Assumptions Used in Arriving at Fiscal Estimate

The Division of Safety and Buildings has a backlog in elevator inspections of 7,490. New elevators continue to be installed at the rate of about 600 per year. Inspecting a new elevator takes from two to three times longer than an annual inspection. Assuming that 1.0 FTE inspector can manage about 900 elevators and few elevators are decommissioned, the additional units translate into an 0.67 FTE workload increase annually. Due to the increased complexity of elevator installations, the elevator inspection staff have been spending much of their time inspecting new elevators, while not conducting annual inspections, which results in a greater backlog. There are approximately 13,500 elevators that are required to be inspected annually. In FY '96, 6,000 elevators were inspected. The number of elevators inspected in FY '96 was low due to the extended illness of an employee and two unfilled vacancies.

The Division currently has 80 inspectors and 11 staff people providing support functions for its various inspection programs. The Department proposes to increase its fees to fund 7 additional inspectors to perform annual elevator inspections and 1 additional program support position. The projected annual cost for the 8 additional FTEs will be \$538,100.

The elevator inspection revenue for FY '96 was \$352,500 for 9 FTE elevator inspector positions. With the proposed changes, the projected revenue for 16 FTE elevator inspector positions and the additional program support position will be \$872,700, an increase of \$520,200 over FY '96.

## Long-Range Fiscal Implications

None

Agency/Prepared by: (Name & Phone No.)  
DOC/Diane Meredith/266-8982

Authorized Signature/Telephone No.

Thomas H. Taylor, Deputy Secretary  
266-3203

Date

April 29, 1997

The Wisconsin Department of Commerce proposes an order to amend s. Comm 5.06 (1) Table 5.06 line 36; to repeal and recreate ss. Comm 2.15, Comm 5.64 (1), Comm 5.64 (3), Comm 18.10 (1) (a) and Comm 18.48; and to create s. Comm 5.64 (6) (c), relating to the inspection of elevators and mechanical lifting devices.

\* \* \* \* \*

#### ANALYSIS OF PROPOSED RULES

Statutory Authority: ss. 101.02, 101.12 and 101.17

Statutes Interpreted: ss. 101.02, 101.12 and 101.17

The purpose of chapter Comm 18, Elevator Code, is to protect the safety of the general public and employees using elevators and other mechanical lifting devices in public buildings and places of employment.

The following proposed changes are necessary to ensure that elevators and mechanical lifting devices are installed in accordance with the elevator code and are safe for people to use.

1. Amend chapters Comm 5, Credentials Code, and Comm 18, Elevator Code, to allow a person with proof of certification as an American Society of Mechanical Engineers (ASME) Qualified Elevator Inspector.

2. Amend fees as specified in chapter Comm 2, Fee Schedule, to match Department expenses. Plan review fees and certificate of operation fees specified in chapter Comm 2 will be reduced. Inspection fees will be raised.

Due to the increased number of elevators and mechanical lifting devices installed in new construction, the Department has not been able to keep up with all of its required inspections. To ensure that the citizens of Wisconsin are safe when using elevators and other mechanical lifting devices, the Department is adopting these rules as emergency rules to take effect on June 1, 1997.

SECTION 1. Comm 2.15 is repealed and recreated to read:

Comm 2.15 ELEVATORS, POWER DUMBWAITERS, ESCALATORS, MOVING WALKS AND RAMPS, LIFTS FOR ACCESSIBILITY AND MATERIAL LIFTS. (1) PLAN EXAMINATION, APPLICATION AND INSPECTION FEES. Fees for the initial inspection and for the examination of plans or for an application for installation or alteration, or both, submitted in accordance with the requirements of ch. Comm 18, shall be determined in accordance with Table 2.15-1. Reinspection fees shall be charged for each inspection conducted until the elevator can be certified.

Table 2.15-1

Type of Unit or Number of Landings	Plan Examination Fee	Reinspection Fee
0-4 landings	\$275	\$150
5-10 landings	\$300	\$200
11 or more landings	\$350	\$250
Remodeled elevators or escalators	\$200	\$150
Escalators	\$250	\$150

(2) INSPECTION FEES. Fees for periodic inspections and reinspections of all classes of elevators and lifting devices within the scope of ch. Comm 18 shall be determined in accordance with Table 2.15-2. Each reinspection of an elevator shall be charged an inspection fee in accordance with Table 2.15-2 until the elevator can be certified.

Table 2.15-2

Type of Unit or Number of Landings	Inspection Fee
0-4 landings	\$55
5-10 landings	\$85
11 or more landings	\$115
Escalators	\$115

(3) CERTIFICATES OF OPERATION. The department shall issue a certificate of operation for each elevator upon receipt of the inspection report indicating the elevator satisfies the minimum operating standards specified in ch. Comm 18. The fee per certificate shall be \$20.00.

SECTION 2. Table 5.06, line 36 is amended to read:

Table 5.06 CREDENTIAL EXPIRATIONS				
	Credential Category	Term	Expiration Date	Continuing Education Cycle
36.	Elevator Inspector	2 years	December 31	NA September 30

SECTION 3. Comm 5.64 (1) is repealed and recreated to read:

Comm 5.64 (1) GENERAL. No person, as an authorized representative of the department, may provide inspection required under ch. Comm 18 unless the person holds a credential issued by the department as a certified elevator inspector.

SECTION 4. Comm 5.64 (3) is repealed and recreated to read:

Comm 5.64 (3) EXAMINATION. A person may obtain a credential as a certified elevator inspector by either one of the following:

(a) Taking and passing an examination in accordance with s. Comm 5.09.

(b) Providing proof the person is currently certified as a QEI-1 elevator inspector under the American Society of Mechanical Engineers (ASME) A17.1 Standard as adopted in ch. Comm 18.

SECTION 5. Comm 5.64 (6) (c) is created to read:

Comm 5.64 (6) (c) 1. The renewal of a certification as an elevator inspector which has an expiration date after December 31, 1999 shall be contingent upon the elevator inspector obtaining at least 12 hours of acceptable continuing education within the time period specified in s. Comm 5.08 and Table 5.06, except as provided in subd. 2.

2. A person who holds a credential as a certified elevator inspector may apply to the department for waiver of the continuing education requirements under subd. 1. on the grounds of prolonged illness or disability or similar circumstances. Each application for waiver shall be considered individually on its merits by the department.

SECTION 6. Comm 18.10 (1) (a) is repealed and recreated to read:

Comm 18.10 (1) NEW INSTALLATIONS. (a) General requirements. 1. New elevator installations shall be tested and inspected by a staff person of the department or an authorized representative of the department who holds a valid credential issued under s. Comm 5.64.

2. Certified elevator inspectors shall determine whether or not the elevator installations conform to the conditionally approved plans and the provisions of this chapter.

3. The elevator installations may not be placed into service until a certified inspector determines the installation substantially conforms to this chapter.

Note: Tests and inspections are specified in ASME A17.1 Part 10, subject to the changes, additions and omissions specified in subch. III.



SECTION 7. Comm 18.48 is repealed and recreated to read:

Comm 18.48 PERSONS AUTHORIZED TO MAKE INSPECTIONS AND TESTS. (1) GENERAL. [A17.1 1000.1] Substitute the following wording for A17.1 1000.1: Elevator inspectors shall be certified in accordance with s. Comm 5.64.

(2) [A17.1 1000.1b] PERIODIC INSPECTION AND TESTS. Substitute the following wording for A17.1 1000.1b: Periodic inspections and tests shall be performed by a staff person of the department or an authorized representative of the department who holds a credential issued under s. Comm 5.64. The department may require witnessing of inspections and tests or retests.

(END)

\* \* \* \* \*

#### EFFECTIVE DATE

Pursuant to s. 227.24 (1) (c), Stats., these rules shall take effect on June 1, 1997.

\* \* \* \* \*